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LATE ITEM

CYPRUS

Thousands of anti-British Cypriots demonstrated violently in Nicosia this morning to protest the evacuation of Turkish Cypriot refugees from the British base at Akrotiri. About 2,000 of them broke into the British consulate, threw its contents into the street, and set the building afire.

Demonstrators also attacked the US embassy with stones and later broke into the compound, setting a vehicle on fire. Another mob was reported heading for the offices of the British Council, a semiofficial trade and cultural group.

Police so far have appeared powerless to control the mobs and have called for help from the Cypriot National Guard.

Even while demonstrators were preparing for action this morning, the first planeload of refugees left Akrotiri for Turkey. For now, at least, the British appear to be in control of the road from Episkopi to the airfield and two more trips are planned for the Turkish evacuation plane today.

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CHINA

Peking has finally gone public on the imminent convening of a National People's Congress, the first in a decade. The Chinese reported on January 17 that a plenum of the party Central Committee had met from January 8 to 10 to deal with issues connected with the congress.

The congress may now be in session. The delay of a week in reporting the plenum suggests that the announcement it had taken place coincided with the opening of the National People's Congress. [REDACTED]

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[REDACTED] press reports indicate that a large meeting took place in the Great Hall of the People on the night of January 17. It is not yet clear how long the congress will last, or whether Peking will release documents connected with its work while the meeting is in session or will delay such releases until the congress has concluded its work. Chinese officials have restricted travel to Peking, but not to other cities, until mid-February, which suggests that the meeting may be fairly lengthy.

The communiqué reporting on the Central Committee plenum indicated that a new state constitution had been approved. Controversy over this document had been a factor in the many postponements of the congress; presumably these arguments, in particular the one over whether or not the post of chief of state should be abolished, have now been resolved. The communiqué also reported that the plenum approved a list of state council appointments. Some of these appointments, especially those involving the military, were almost certainly also controversial and factors in previous postponements of the congress.

Teng Hsiao-ping, a veteran civilian administrator who had been a major victim of the Cultural Revolution but had been rehabilitated in April 1973 and named to the Politburo in December of that year, was further elevated at the plenum to the Politburo standing committee. He

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was also named a vice chairman of the party. These appointments vault Teng over the heads of Chiang Ching and Yao Wen-yuan, the ranking active members of the full Politburo who as members of the notorious Cultural Revolution group had helped engineer Teng's purge in 1966. They also elevate Teng above Li Hsien-nien, with whom he has been sharing duties in the day-to-day running of the government since the illness of Premier Chou En-lai.

Teng's new titles cement his position as Chou's de facto successor as head of government; it is possible that the congress will further confirm this position by formally naming him premier. In any event, Teng's advancement strongly suggests that policies adopted by the congress will not depart markedly from those of the past several years and will not be especially "radical" in flavor.

Mao Tse-tung remained in Changsha, in Hunan Province, throughout the Central Committee plenum. He still appears to be in southern China, and it therefore seems likely that he will miss at least the opening phases of the congress. Mao does not hold a government post and he is not obligated to attend a strictly governmental conclave such as a National People's Congress. He did, however, attend the last congress as a delegate from Peking. The Chairman has remained out of the capital since July, about the time that central directives first indicated that active preparations for the congress were under way.

Mao's prolonged absence from Peking while important events were transpiring there is not easily explainable. He has met with a steady stream of foreign visitors, which tends to indicate that health is not a limiting factor on his movements.

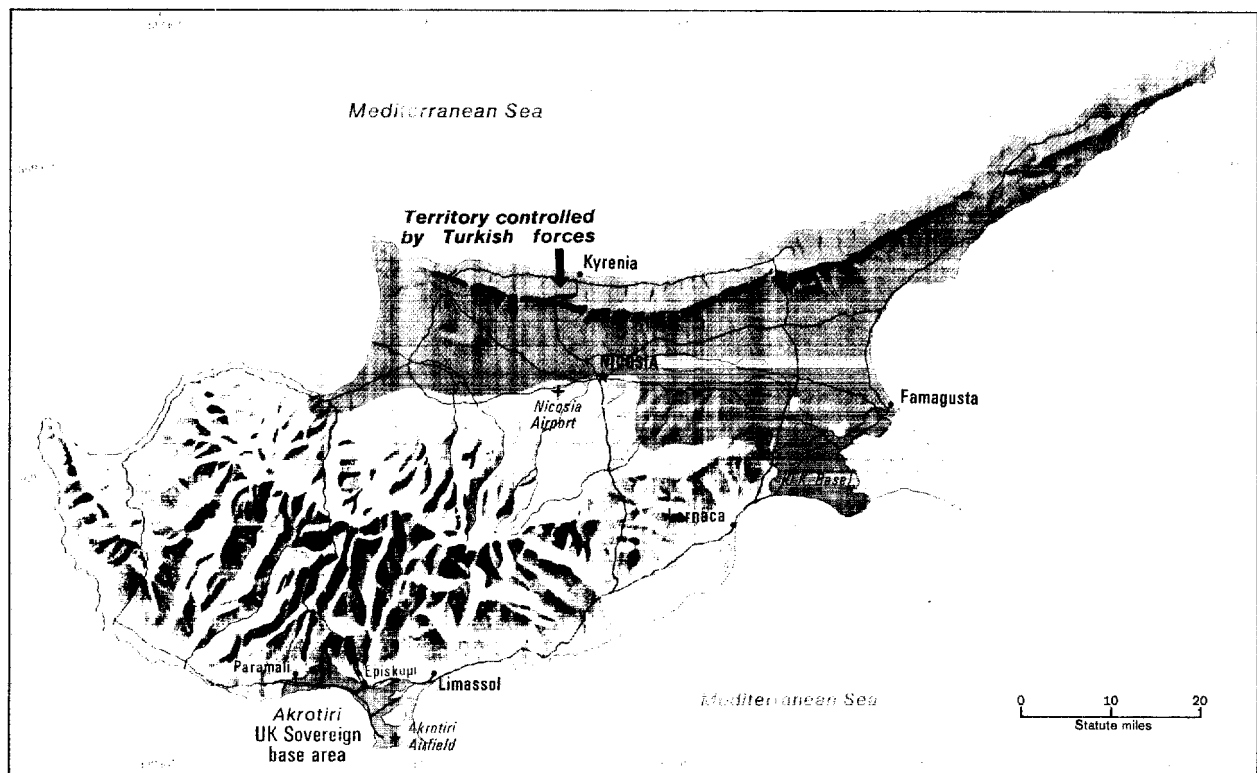
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CYPRUS

Tensions are high around the British sovereign base of Akrotiri in southern Cyprus following a violent clash yesterday between Greek Cypriot demonstrators and British base personnel. More demonstrations are planned this weekend. The demonstrators are protesting British plans to begin evacuating several thousand Turkish Cypriot refugees to Turkey today.

British officials in London state that a group of about 500 demonstrators clashed with British forces at the edge of the base yesterday, resulting in injuries on both sides and the death of a Greek Cypriot youth. The British are bracing for more violence, particularly when the funeral for the Greek Cypriot is held, probably today or tomorrow.

The principal British concern is to keep open the main road separating the Turkish Cypriot refugees in Paramali and Episkopi from the evacuation airfield in the southeast of the base. The two are separated by some ten miles of open country and the refugees' movement to the air base could be subjected to interference by Greek Cypriots at many points.

The potential for trouble will increase if Greek Cypriots prevent the airlift by blockading the Turkish Cypriots or if intercommunal clashes occur outside the British base. In case of a blockade, which the British would be unwilling to break, the Turkish government might consider a sea-lift of the refugees. Should Turkish Cypriots outside the base be threatened, Ankara might well order its forces on the island to move into the Greek Cypriot sector in a rescue operation.

Anti-British demonstrations in all major Greek Cypriot towns yesterday and Thursday were generally orderly, but two British properties in Limassol were bombed and several vehicles burned. More protest marches are planned for this weekend and, in view of rising tensions, they are likely to be less orderly.

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Greek Cypriots, many of whom are refugees driven from their homes in the north, are particularly incensed that the Turkish Cypriot refugees will eventually be re-settled on Greek Cypriot properties in the Turkish Cypriot sector of the island.

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FRANCE

Foreign trade registered a deficit of \$3.4 billion last year, according to preliminary official figures, in contrast with a surplus of \$1.4 billion in 1973.

December was the only month the French achieved a seasonally adjusted surplus--\$89 million. Exports in that month rose as sales of machinery and equipment to oil-exporting countries and elsewhere apparently picked up. Meanwhile, imports declined, reflecting a slump in French industrial activity and declines in the prices of some imported raw materials.

France will run another large deficit in its trade account this year. Improvement achieved in the final quarter of 1974, however, makes Paris' objective of holding this year's deficit below \$2.5 billion look more realistic.

The higher price of imported crude oil was the main cause of deterioration in the trade balance last year. Oil imports rose almost \$7 billion in value, while falling nearly 6 percent in volume.

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PORTUGAL

The cabinet met yesterday to discuss the Communist-sponsored unitary labor law that has placed severe strains on the three-party coalition. Results of the meeting are not yet available.

The non-Communist parties in the government oppose the law because they believe it will facilitate the Communist Party's control of the country's entire labor movement. The Communists already dominate the single labor confederation inherited from the right-wing regime that was overthrown last April.

The Armed Forces Movement, which shares power with the three political parties, has already announced its support for the law. Some members of the Movement's leadership may be having second thoughts, however, because of the heavy opposition the law has encountered. The Lisbon press yesterday gave heavy coverage to the proceedings at a Socialist Party rally that denounced the monolithic labor concept and emphasized the need to preserve workers' freedom.

Justice Minister Zenha told an enthusiastic audience at the rally that "the working class is not the property of any political party, nor of the state." The leader of the Socialist Party, Foreign Minister Soares, also made a glowing defense of liberty that was widely reported in the press.

If the law is not approved, it will be the most serious defeat the Communists have had since participating in the government. It could reduce their influence in an area where they have been strong. Most of their other setbacks have been in areas where they were seeking to establish influence.

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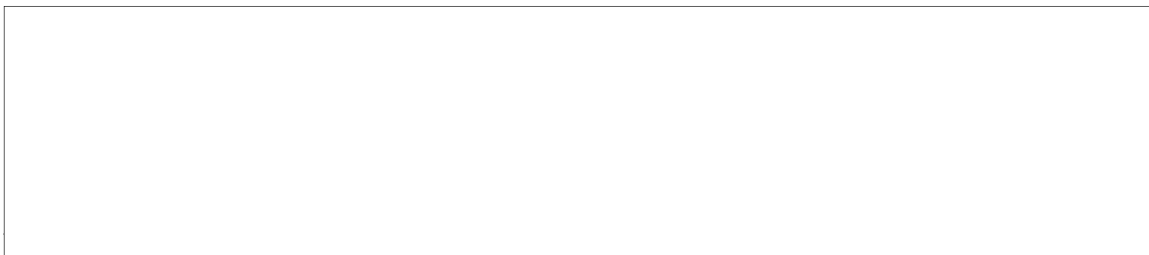
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ETHIOPIA

The ruling military council is growing impatient with the continuing acts of terrorism carried out by Eritrean rebels, despite the rebels' reported acceptance earlier this week of a temporary truce.

A government broadcast on January 16 complained that the separatists had earlier in the week initiated a new wave of violence, including bombings at the Asmara post office, kidnappings, and an assassination. The government warned that its search for a peaceful solution should not be taken as a sign of weakness and threatened reprisals against agitators.

The communiqué coupled these warnings with a renewed call for a peaceful solution to the Eritrean insurgency. It blamed the rebellion on the divisive policies of the previous regime and on a "few" Eritreans. These statements may be an attempt to keep alive the three-cornered talks that have been in progress among the council, Eritrean notables, and rebel leaders inside Eritrea. The talks, however, appear to be foundering on rebel demands for independence; the council is only willing to discuss more autonomy.



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ARGENTINA

President Maria Estela Peron has stifled legislative criticism of her administration by abruptly terminating a special session of congress. This will seriously damage the chances of continued cooperation between the government and major opposition parties.

Mrs. Peron attempted to justify her action by claiming that the most important work on the budget and related fiscal matters has already been completed. This explanation failed to satisfy her critics, especially opposition Radicals, who had intended to debate controversial executive actions such as the imposition of the state of siege and recent federal take-overs of state provincial governments.

Since the death of her husband, President Peron has met only twice with opposition leaders in carefully arranged sessions that did not allow for discussion. In addition, the government recently demonstrated its hostility to freedom of expression by shutting down several newspapers.

When the next session of congress convenes on May 1, opposition leaders may abandon the conciliatory posture they have maintained thus far. Although leading Radical spokesman Ricardo Balbin has sought to continue the "political dialogue" begun by Juan Peron, he will be under pressure from the left wing of his party to take a harder line toward Mrs. Peron, particularly if terrorism--on which the entire party supports her--ceases to be the major focus of attention.

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CHILE

The military government is trying to improve its international image by demonstrating "generosity and goodwill" on human rights issues.

On January 11, the government released and deported to Romania former foreign and defense minister Clodomiro Almeyda, former justice and education minister Jorge Tapia, and three lesser lights of the Allende era. They had been in custody since the military take-over in September 1973. The day before, Gaston Pascal, father of Movement of the Revolutionary Left leader Andres Pascal Allende, was released after a month of imprisonment. Andres' mother, Laura, sister of the late President Allende, remains behind bars, but her name is on a list of 200 detainees that the government has offered to fly to exile in Mexico.

Other recent moves related to human rights include the drastic reduction of some 30 sentences imposed by a provincial military court in December 1973. Press accounts suggest that the military is reviewing sentences imposed by military tribunals in the hectic weeks after the coup to rectify any errors that were committed.

The government also appears to be seriously interested in getting on with the original detainee release program it launched last September. Willing recipient countries are being sought for the initial group of 100 eligible prisoners, and another list of 100 has been prepared.

In recent months, Chilean leaders appear to have gained a fuller appreciation of just how low their international stock had sunk. Unfavorable action by the US Congress on military aid and sales of equipment undoubtedly helped drive the point home, and pressure from within for improvement in the government's human rights performance has been building.

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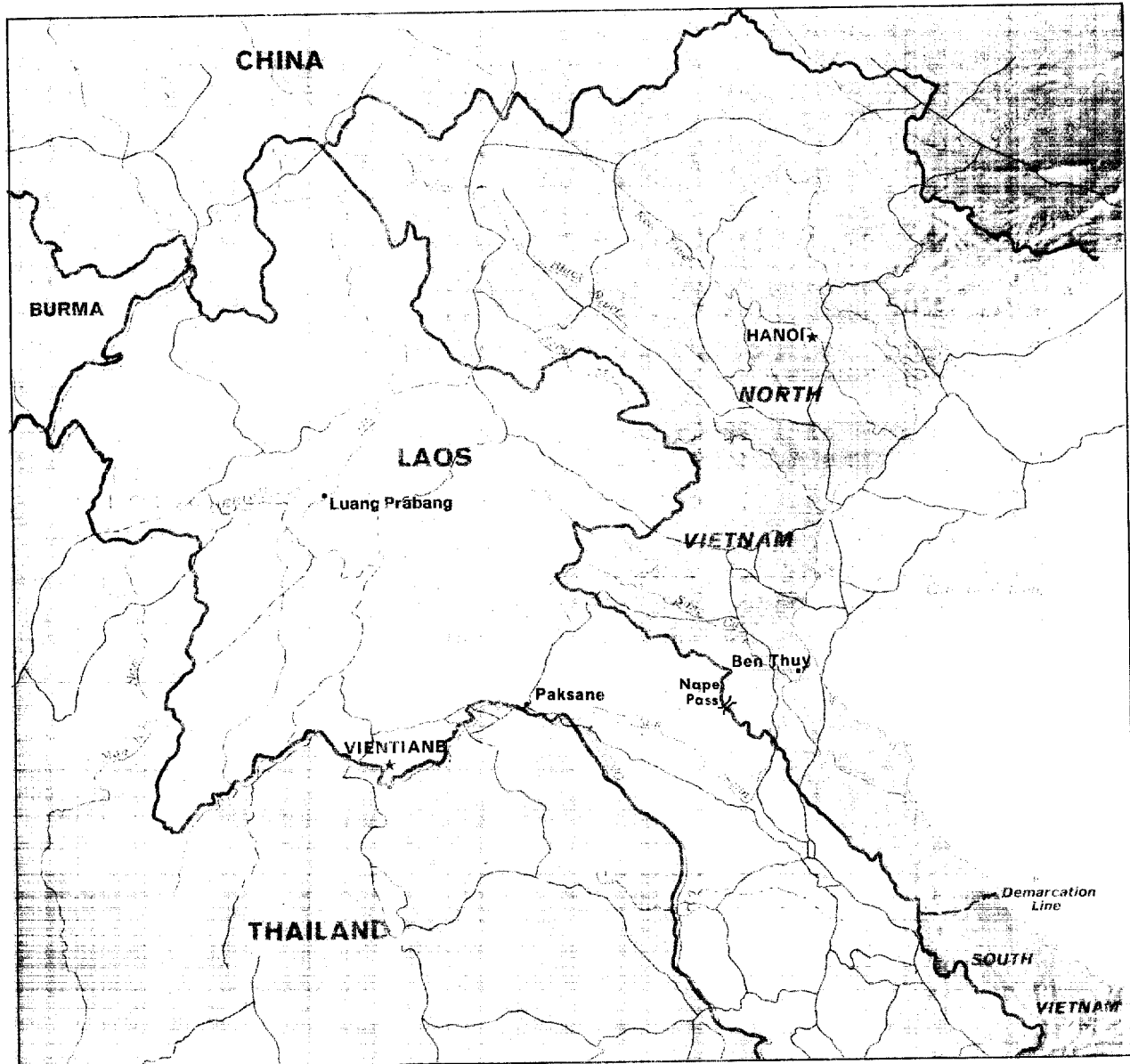
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[REDACTED] Hard-line military and civilian opposition to an easing of internal security measures now appears to be weakening, and additional moves may be in the offing. These are likely to include declaration of a lower level state of siege that would make wartime provisions of the military justice code inapplicable and permit appeals from military tribunals to civilian courts.

In one area concerning human rights, however, the government is moving in a different direction. International agencies or commissions no longer will have almost automatic permission to study and report on the situation. Any organization desiring to investigate conditions in Chile henceforth will have to show that it has received permission to undertake similar missions in the Soviet Union and Cuba.

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LAOS

An aid agreement between Hanoi and Vientiane is being implemented and may signal a Lao move to reduce its traditional dependence on Thailand for international commerce. It will also allow the North Vietnamese to become more openly involved with the coalition government of Laos.

Plans call for the goods to enter Laos on trucks via Nape Pass and to cross the Lao Panhandle to Paksane, where the merchandise will be turned over to representatives of the coalition and stored in warehouses until it can be transported to Vientiane. The first shipment was due to arrive in Paksane on January 15, but was delayed because of poor road conditions.

Because of high tariffs and freight rates in Thailand, the Lao have been seeking an alternative to the port of Bangkok for some time. The new aid agreement will link Vientiane with the North Vietnamese port of Ben Thuy. Bangkok, however, will continue for some time to be the principal foreign trading center for Laos.

During the initial negotiations with North Vietnam in late summer of 1974, Hanoi agreed to allow the Lao to bring in as much as 50,000 tons of goods tax free at Ben Thuy. Their use of this port during the dry season will provide Vientiane with a much shorter overland route for seaborne imports.

In a related development, Thai and Lao officials are currently meeting in Bangkok to discuss the importation and transit problem. Press reports indicate that the Thais have offered a 20-percent reduction in transit charges as a gesture of goodwill.

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CHINA-JAPAN

Premier Chou En-lai told a visiting Japanese economic delegation on January 16 that negotiations for a Sino-Japanese peace and friendship treaty could be concluded within three months. Chou also expressed confidence in Japanese Prime Minister Takeo Miki, whom Chou characterized as enthusiastic about promoting relations between Tokyo and Peking.

Preliminary talks on the treaty began in Tokyo on January 16. According to Japanese press reports, representatives on both sides agreed that the treaty should be signed at the earliest possible date. The Japanese apparently hope to obtain Diet approval of the pact before its current session ends in May.

Both sides have already agreed to postpone negotiations on ownership of the Senkaku Islands, a contentious issue, until after conclusion of the peace treaty. There appear to be no other issues that could cause major problems for either side during the treaty talks.

In putting out an optimistic view of the treaty negotiations, both sides may have had one eye on Moscow, where Japanese Foreign Minister Miyazawa visited this week. Early agreement on a Sino-Japanese peace treaty would cast into sharp relief Moscow's lack of progress in developing closer ties with Tokyo.

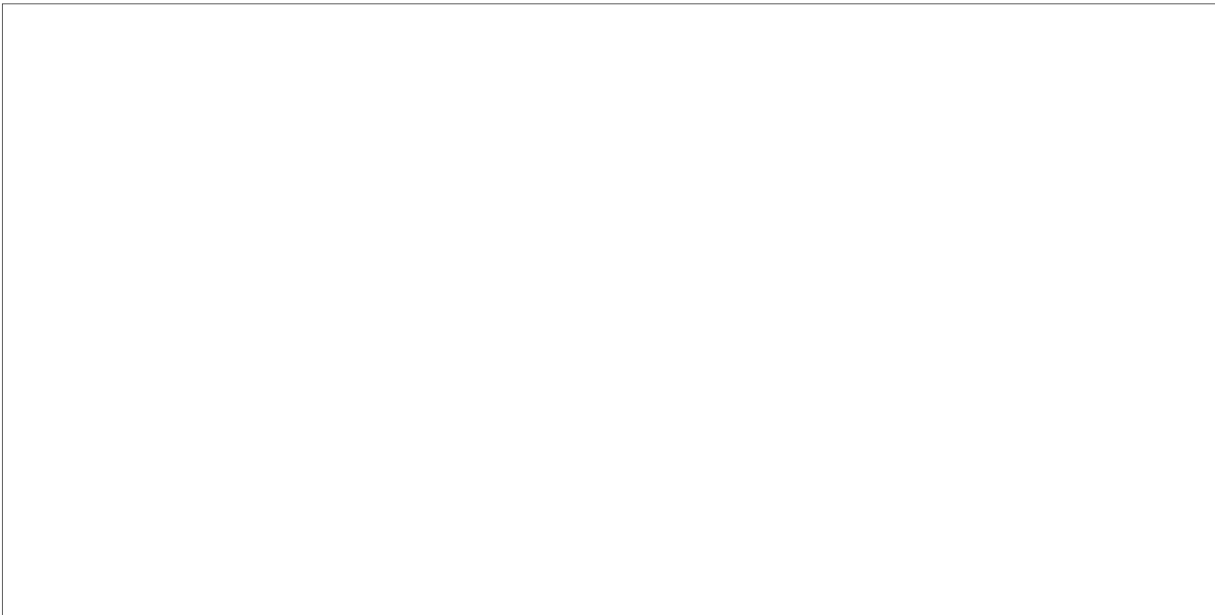
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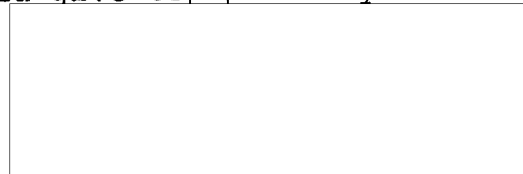
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FOR THE RECORD



Mexico: Executives of about 35 US-owned corporations doing business in Mexico meet today with President Echeverria for a clarification of his government's position on foreign investment. Echeverria will try to dispel uncertainties about the ambiguous investment law Mexico passed in 1973 by assuring the businessmen that they are welcome in Mexico. At the same time, the visitors will doubtless detect a strong whiff of Echeverria's economic nationalism. Private foreign investment, he will probably tell the executives, should give top priority to serving Mexico's development.



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SIHANOUK INTERVIEW PROMOTES CAMBODIAN COMPROMISE ACCORD

In the wake of the UN General Assembly's call for Cambodian peace talks, the French, Indonesians, Romanians, and West Germans have all indicated an interest in playing a discreet role in promoting a settlement between the rival Cambodian sides. Prince Sihanouk's interview with a Swedish newsman in Peking, broadcast by Stockholm TV last Tuesday, indicates that he is attempting to encourage such foreign mediatory efforts. He may also now see an opportunity to increase pressure on his Communist compatriots to accept a compromise settlement and to encourage elements in Phnom Penh to think in terms of a settlement returning him to a position of authority.

The Interview

During the interview, which actually took place in mid-December, Sihanouk claimed that Republican Party strong man Sirik Matak and Cambodian army commander in chief Sosthene Fernandez had in 1973 indicated a willingness to join his side. These claims--which Sihanouk further embroidered in a letter to correspondents in Peking and added the name of Long Boret--have caused considerable stir in Phnom Penh.

The most significant feature of the interview, however, was Sihanouk's review of possible solutions to the current impasse on negotiations. Sihanouk said: "If Lon Nol and his group want to have reconciliation with me, they should come to us, join us, in the framework of the United Front." He elaborated further by saying, "we may enlarge our government, including some rightists," and "we are no longer talking of executing" members of the Lon Nol government. Officials in Phnom Penh who chose not to participate in the "enlarged government" would be free either to stay in Cambodia or to leave once the new "government" came to power. Sihanouk claimed, however, that negotiation "with the rightists...as equal partners" was impossible. The Prince said that his "proposal" had not yet been approved by Khmer Communist leaders who were insisting that "about six" top Phnom Penh leaders "withdraw."

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Sihanouk's Purpose

Sihanouk thus appears to have put on public record what he has long said privately: that he himself would welcome a compromise settlement--presumably based on some sort of a coalition arrangement--but his hands have been tied by the intransigence of Khmer Communist leaders. There are a variety of reasons why Sihanouk would want at this time to publicly air the differences between himself and the Communists. The most obvious is to demonstrate to aspiring mediators that there is some flexibility in his position and that initiatives should be pursued. The Prince may, in fact, believe that time is running out for him given his progressive loss of authority to the Khmer Communists--a fact dramatized this week by the formal transfer of most cabinet posts in Sihanouk's "government" to the Khmer Communists.

If the Communists succeed, through their current effort to interdict the Mekong River, in forcing the Phnom Penh government to capitulate or negotiate on the Communists' surrender terms, Sihanouk's chances for a comeback could evaporate completely. In the more likely event that the current Communist dry season campaign once again ends on an inconclusive note, Sihanouk no doubt hopes that a discouraged insurgent leadership would be more willing to consider the option of negotiations. Thus, Sihanouk's interview, which implicitly puts the onus for continued warfare on the in-country insurgents, may have been designed to encourage such an evolution in Khmer Communist strategy. Whatever the case, the Communists have not yet taken direct note of the interview and their official broadcasts continue to take a hard line toward any "compromises" with the "reactionary clique" in Phnom Penh.

Sihanouk's interview also seems aimed at softening his image in Phnom Penh. The Prince surely recognizes that his past threats of dire consequences should he return to power must have given second thoughts to those in Phnom Penh who might otherwise be encouraged to press

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for a deal to end the war. Ambassador Dean on January 14--several days after local newspapers had given wide coverage to the Swedish interview--found no less a personage than Sirik Matak, who played a key role in Siha-nouk's ouster, singularly relaxed about the possibility of the Prince's return. Sirik Matak emphasized the need to end the conflict during 1975, citing the waning support in the US Congress for Indochina.

Reaction from Phnom Penh

The official reaction in Phnom Penh to the Swedish interview has been low key, and Prime Minister Long Boret has indicated that his government will avoid any future polemics with the Prince. This policy is no doubt the result of Phnom Penh's own involvement in international mediatory efforts. The government, for instance, has recently requested Algerian and Tunisian aid in arranging meetings with the other side and has shown interest in the private efforts of a West German official to spark a dialogue. A semiofficial Phnom Penh newspaper also applauded French interest in resolving the conflict as evidenced by President Giscard d'Estaing's comments on the Martinique communiqué on December 20. Long-standing Romanian efforts through Peking to broker peace are also continuing with the apparent blessings of the Lon Nol government.

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